



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0198	<b>Title:</b>	School employee health insurance incentive
<b>Primary Sponsor:</b>	Hamilton, Robin	<b>Status:</b>	As Introduced

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget        | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$19,130,500	\$19,704,415	\$19,704,415	\$19,704,415
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$19,130,500)</u>	<u>(\$19,704,415)</u>	<u>(\$19,704,415)</u>	<u>(\$19,704,415)</u>

**Description of fiscal impact:** HB198 would provide a statutory appropriation from the state general fund to the Office of Public Instruction for public school districts and special education cooperatives. The statutory appropriation would also provide funding to the Montana school for the deaf and blind, state youth correctional facilities, and Montana youth challenge program. Payments of \$1,000 per eligible employee in FY 2010 and \$1,030 per eligible employee in FY 2011, as described in Section 1(6)(a-b) of the bill. The total impact of the bill would be approximately \$38.8 million in the 2011 biennium.

### FISCAL ANALYSIS

#### Assumptions:

#### **Office of Public Instruction (OPI)**

1. MEA-MFT estimates that 19,000 school district employees are eligible employees as defined in section (1)(6)(a-b) of HB 198.
2. HB198 requires electronic data collection and transfer systems that are integrated with the data collection systems used by the Office of Public Instruction (OPI), the Teachers' Retirement System, the Public Employees Retirement System, the Department of Labor and Industry, and school districts.

**Department of Administration (DOA)**

3. Employees of the Montana School for the Deaf and Blind, Pine Hills Youth Correctional Facility, Riverside Youth Correctional Facility, and Montana Youth Challenge Program are state employees and, therefore, are participants of the State Employee Health Plan. Under 2-18-703, MCA, state employees currently receive a monthly employer contribution on \$626.
4. For purposes of this fiscal note, we assume the annual payments contained within this bill would be in addition to the current state share monthly contribution.
5. These state employees could apply the funding from this bill to their health insurance premiums. Any employer contributions beyond the self-insured medical/Rx/dental plan premiums can be used to purchase or participate in additional optional benefits such as the vision plan, additional life insurance, wellness programs, and long term disability and long term care insurance. These funds may also be placed in a flexible spending account to be used for qualifying medical and dependent care expenses.
6. As outlined in 2-18-703(4), MCA, any unused employer contributions and flexible spending account monies revert to the State Employee Health Plan to offset costs of the plan.
7. The bill includes the payment for the Montana School for the Deaf and Blind (MSDB), the Pine Hills Youth Correctional Facility, the Riverside Youth Correction Facility, and the Montana Youth Challenge Program eligible employees. The following table represents the funding this bill appropriates to each of those agencies.

<b>Agency</b>	<b># of eligible employees</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>MSDB</b>	108.0	\$108,000	\$112,240	\$112,240	\$112,240
<b>Pine Hills</b>	13.0	\$13,000	\$13,390	\$13,390	\$13,390
<b>Riverside</b>	4.5	\$4,500	\$4,635	\$4,635	\$4,635
<b>Youth Challenge</b>	5.0	\$5,000	\$5,150	\$5,150	\$5,150
<b>Totals</b>	130.5	\$130,500	\$134,415	\$134,415	\$134,415

8. The Health Care & Benefits Division has no way of knowing the individual choices employees would make regarding the use of any additional employer contributions. As a result, for purposes of this fiscal note, these contributions are considered additional revenue to the State Employee Health Plan.
9. It is anticipated this bill would not impact expenditures of the state self insured programs.
10. 17-1-508, MCA requires analysis of the statutory appropriation relative to the guidance in 17-1-508 (2), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

	<b><u>YES</u></b>	<b><u>NO</u></b>
a. The fund or use requires an appropriation.	X	
b. The money is not from a continuing, reliable, and estimable source.		X
c. The use of the appropriation or the expenditure occurrence is not predictable and reliable.		X
d. The authority does not exist elsewhere.	X	
e. An alternative appropriation method is not available, practical, or effective.	X	
f. Other than for emergency purposes, it does not appropriate money from the state general fund.		X
g. The money is dedicated for a specific use.	X	
h. The legislature wishes the activity to be funded on a continual basis.	X	
i. When feasible, an expenditure cap and sunset date are included.	X	

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Local Assistance to K-12 schools	\$19,000,000	\$19,570,000	\$19,570,000	\$19,570,000
Personal Services (MSDB, Corrections, Military Affairs)	\$130,500	\$134,415	\$134,415	\$134,415
<b>TOTAL Expenditures</b>	<u><u>\$19,130,500</u></u>	<u><u>\$19,704,415</u></u>	<u><u>\$19,704,415</u></u>	<u><u>\$19,704,415</u></u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	<u>\$19,130,500</u>	<u>\$19,704,415</u>	<u>\$19,704,415</u>	<u>\$19,704,415</u>
<b>TOTAL Funding of Exp.</b>	<u><u>\$19,130,500</u></u>	<u><u>\$19,704,415</u></u>	<u><u>\$19,704,415</u></u>	<u><u>\$19,704,415</u></u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$19,130,500)	(\$19,704,415)	(\$19,704,415)	(\$19,704,415)

**Effect on County or Other Local Revenues or Expenditures:****Office of Public Instruction**

1. The health insurance payment proposed in this bill, are fully funded by the state. The increases will not increase district property taxes, but there could be a decrease in district levies if the funding is used to supplement insurance payments currently being paid by district levies.

**Technical Notes:****Department of Administration (DOA)**

1. This bill provides aid in employer contributions for group health insurance benefit plans. It is unclear how this additional annual payment would coordinate with the current monthly state share contribution provided to state employees.

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*